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SIPDIS

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TAGS: [PREL](#) [PBTS](#) [PGOV](#) [ENRG](#) [RU](#) [AJ](#)
SUBJECT: RUSSIAN PRESIDENT MEDVEDEV DISCUSSES ENERGY AND NK
IN FIRST VISIT TO BAKU

Classified By: Pol/Econ Chief Joan Polaschik per 1.4(b,d)

¶1. (C) Summary: During his July 3-4 visit to Baku, Russian President Dmitry Medvedev discussed energy and Nagorno-Karabakh with President Aliyev. Despite the usual public rhetoric of friendly relations, public statements from the leaders and press reporting indicate that no substantive agreements on the major issues were made. A Presidential Apparat official told us that no substantive changes in the Russian-Azerbaijan relationship were expected as a result of the visit. End summary.

¶2. (U) President Medvedev arrived in Baku on July 3rd for his meeting with President Aliyev. In their press statements following the meetings, both leaders stressed that the Azerbaijan-Russia relationship is positive and noted the economic ties between the two countries. President Aliyev announced the signing of a joint Declaration on Friendship and Strategic Partnership between Russia and Azerbaijan, claiming that it covers all areas of bilateral cooperation.

¶3. (SBU) In terms of key issues, Aliyev noted that the Declaration contains language on Nagorno-Karabakh that is favorable to Azerbaijan. According to Aliyev's statement, the Declaration says that the basis for the resolution of the conflict should be international law, and specifically "territorial integrity, sovereignty, and the inviolability of state borders." These are the principles that the GOAJ consistently stresses in the NK negotiations, arguing that they should prevail over Armenian claims to the right of self-determination. For his part, President Medvedev noted that there have been "minor hitches" in the NK negotiations but expressed his support for the continuation of direct talks between President Aliyev and his Armenian counterpart.

¶4. (C) Aliyev and Medvedev both spoke about the potential for energy cooperation in general terms, but the two leaders did not publicly address Gazprom's recent offer to purchase Azerbaijani gas. However, Gazprom CEO Alexei Miller, who accompanied Medvedev to Baku, reiterated that Gazprom is prepared to buy gas from Azerbaijan at market prices. Two Baku-based political commentators, Rasim Musabayev and Zardusht Alizade, told the Embassy that Azerbaijan likely wants to keep its various options for gas sales open and is avoiding commitments. Hasan Mammadzada, who covers foreign policy issues at the Presidential Administration, told the Embassy in the lead up to the visit that Azerbaijan was unlikely to sell any gas to Russia. Mammadzada underscored that while Azerbaijan needs to maintain good relations with Moscow, nothing would change Azerbaijan's strategic orientation toward the West.

COMMENT

¶5. (C) Mammadzada told the Embassy on July 1 that he did not

expect any new substantive initiatives from the Azerbaijani side during Medvedev's visit and downplayed expectations. Press from the visit and statements from local commentators seem to confirm that no major policy shifts took place. However, it is likely that Medvedev and Aliyev had much more substantive conversations than their public statements convey, given the sensitivity of the NK issue and gas sales. We are seeking meetings with Russian Embassy and GOAJ officials for a full readout, which we will report septel. DERSE